

STATEMENT FROM ERL SLAYTON (President, CATRALA OF CT) ON PB1007

MONDAY MARCH 7, 2011

Chairman, members of the committee: thank you for allowing me the time to speak today.

My name is Erl Slayton, and I am the president of the Car and Truck Rental and Leasing Association (CATRALA) of Connecticut.

Our organization represents daily rental and long-term auto leasing companies in Connecticut.

Our membership includes large, well-known car rental operators such as Alamo, Avis, Hertz, Dollar, Penske and Thrifty among others, as well as many lesser known locally owned and operated car dealerships and stand-alone vehicle rental businesses.

Our organization strongly opposes the proposed increases in taxes on vehicle rentals proposed in Governor's Bill # 1007.

Large or small, our member companies are operated locally, and employ a great many of your local constituents—the wages they earn are already taxed by our state income and sales taxes. This you already know.

However, you may NOT know, that the customers paying the majority of taxes on rental cars are ALSO your local constituents. That is the reason that I am here. There seems to be a fundamental misunderstanding as to where revenues from taxes to car rentals come from. It is wrong to assume that taxes on rental vehicles will be paid primarily by out-of state travelers or businesses from out-of-state. Although a portion of car rental company business does come from out of state travelers, it is a fact that the majority of rentals are paid for by in-state residents and businesses.

A study done in June 2010 by the independent consultants, The Brattle Group, found that nationally, the majority of the revenues generated by car rental companies (54% to be exact) comes from what we call in the industry "home city" business—i.e. local customers and businesses who rent vehicles from our member companies. These local renters are Connecticut residents or businesses who rent cars for replacement purposes as well as for business or pleasure. Consequently, the majority of taxes paid on rental cars come out of the pockets of local residents or businesses-- your constituents, as well as local job creators such as car dealerships, body-shops, insurance companies, and related independent businesses.

Taxes specific to vehicle rentals are inherently discriminatory, in that they target a specific group of consumers, i.e. only car rental customers, or those paying for rentals on behalf of their customers.

In our continued difficult economic climate, our industry urges you to consider the negative effects that will result from imposing discriminatory rental car taxes on Connecticut residents and businesses.

I have invited with me today some representatives from our member companies. I invite you to listen carefully to what they have to say. And we strongly urge the committee to oppose the car rental taxes proposed in bill #1007.

Thank you.